

AMERICALL INTERNATIONAL, LLC

2700 N. Central Ave., Suite 1010A ♦ Phoenix, AZ 85004 ♦ (602) 230-7565 / (602) 230-8582 Fax

Office of General Counsel

1617 Nineteenth Street, NW
Washington, DC 20009
(202) 462-3566
(202) 462-3467 Fax

ORIGINAL

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Cathey McClain Finlon

September 24, 1997

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BY FACSIMILE AND HAND DELIVERY

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: C Block Restructuring Options
 Amendment of Part 1 of the Commission's Rules
 WT Docket No. 97-82, DA 97-679, DA 97-1152**

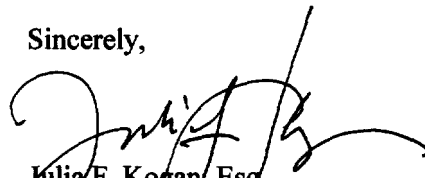
Dear Mr. Caton:

This letter is to inform the Commission that on September 23, 1997, Julia F. Kogan, Esq., General Counsel / V.P. of AmeriCall International, LLC ("AmeriCall"), held separate telephone conferences with Jane Mago, Esq., Legal Advisor to Commissioner Chong, Rudolfo L. Baca, Esq., Legal Advisor to Commissioner Quello, and John C. Garcia, Chief of the PCS Financing Issues Task Force. Topics discussed included the installment payment matter addressed in the attached letter from Jonathan D. Foxman, Executive V.P. / COO of AmeriCall, to FCC Chairman Reed Hundt.

This is also to inform the Commission that the attached statement entitled "American Values?" has been delivered by facsimile to each of the Commissioners' legal advisors for wireless matters.

Please direct any questions concerning these matters to undersigned counsel.

Sincerely,


Julia F. Kogan, Esq.
General Counsel / V.P.

Cc: Rudolfo L. Baca, Esq.
 Jacqueline Chorney, Esq.
 Jane Mago, Esq.
 David Siddall, Esq.

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American Values?

AmeriCall International is disappointed by yesterday's "Entrepreneurs for Fair Play" statement. A contrived media play does not serve the public interest. Citing "cherished American values" to achieve personal gain is offensive

Serious companies have engaged the FCC in a serious discussion of the issues. The C block rules already have been amended eight times in the three years since they were adopted. When circumstances change, the Federal Communications Commission can act to ensure that its Congressionally-mandated objectives are met. That is the American system of government.

Yes, some companies may feel that their interests are not best served by introduction of competition from the C block. But, it is their responsibility to act on these feelings by communicating them to the Commission in a professional manner. Rather than targeting the media with rhetoric that might be found in a Superman comic, these companies should participate in the serious and meaningful discussions that the Commission and many responsible bidders, including AmeriCall International, have held since June.

AMERICALL INTERNATIONAL, LLC



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September 24, 1997

The Honorable Reed Hundt
Commissioner James H. Quello
Commissioner Susan Ness
Commissioner Rachelle B. Chong
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Re: Disposition of March 31, 1997, C Block Installment Payment

Dear Mr. Chairman and Commissioners:

As you are aware, AmeriCall International has expressed concern to the Commission regarding the fact that it made its December and March 31, 1997, C block interest payments while certain other licensees did not. Requests for return of the March 31 payment^{1/} have not yet been fruitful.

It now has come to our attention that the Commission is considering the following options for treatment of the March 31, 1997, installment payment:

1. forfeiture of the payment
2. application of the payment to late or final installment payments
3. application of the payment to outstanding principal
4. application of the payment to current installment payments

Forfeiture Is Inequitable

First and most important, we strongly urge the Commission to recognize the inequity of a forfeiture requirement. Such action would penalize those companies that met their obligations in good faith and reward those companies that did not.

Application to Late or Final Installment Payments Is Inequitable

Second, with regard to option 2 above, we urge the Commission to consider the impact of the time value of money. Application of the March 31, 1997, installment payment to late or final installment payments would be tantamount to forfeiture of most of the payment amount, which again would represent a material inequity.

^{1/} See J. Kogan letter to K. O'Brien Ham, Request for Legal and Equitable Relief (May 13, 1997); J. Kogan letter to L. King Friedman (April 2, 1997).

Table 1 below shows the net present value of AmeriCall's March 31, 1997, payment assuming a range of discount rates. In exchange for its \$509,758.65 cash payment made in good faith, AmeriCall would receive a mere \$82,328.87 in value, representing 16.2% of its cash payment, based on an appropriate discount rate of 20% -- consistent with AmeriCall's weighted average cost of capital ("WACC").

Table 1
March 31, 1997, Payment Applied to Final Installment Payment

Payment Amount:	\$509,758.65				
Benefit at 20% WACC:	\$82,328.87				
	12.5%	15.0%	17.5%	20.0%	22.5%
NPV in \$	\$156,978	\$126,004	\$101,621	\$82,328	\$66,989
NPV as %	30.8%	24.7%	19.9%	16.2%	13.1%

The table also shows the impact if other discount rates are assumed. Even if a discount rate of 12.5% is assumed, which likely is below the WACC of most C block licensees, the net present value received would be merely 30% of the cash payment made.

Application of Payment to Principal Is Inequitable

Third, with regard to option 3 above, we urge the Commission again to consider the impact of the time value of money. Application of the March 31, 1997, installment payment to outstanding principal would be tantamount to forfeiture of a significant portion of the cash payment made in good faith.

Table 2 below illustrates that such a plan would represent to AmeriCall, as it would to similar C block licensees, a forfeiture of approximately 50% of its cash payment, or a loss of more than \$250,000.

Table 2
March 31, 1997, Payment Applied to Outstanding Principal

Payment Amount:	\$509,758.65				
Benefit at 20% WACC:	\$250,094.92				
	12.5%	15.0%	17.5%	20.0%	22.5%
NPV in \$	\$372,224	\$323,279	\$283,184	\$250,094	\$222,590
NPV as %	73.0%	63.4%	55.6%	49.1%	43.7%

Table 2 also illustrates that even if a discount rate of 12.5% is used, such a plan would represent a forfeiture of approximately 27% of the cash payment made in good faith.

AmeriCall urges the Commission to recognize that the only equitable solution is to apply the March 31, 1997, installment payment to current payments. Any other course would unjustly punish AmeriCall and others that made their installment payments in good faith.

Implications for Buyout Option

AmeriCall further urges the Commission to recognize that time value of money has implications for the restructuring plans it currently is considering. It has come to our attention that the Commission may offer an early buyout option to C block licensees. Because the scale and financial structure of C block licensees vary so greatly, any discount rate selected by the Commission to determine a net present value of the license price would be arbitrary. Smaller C block licensees that must raise their operating capital primarily through private equity sources which demand 35-40% returns typically will have discount rates in excess of 20%. Larger C block licensees that can leverage public debt and equity markets will have discounts rates in some cases well under 15%. Thus, any specified uniform discount rate would benefit some licensees and punish others. AmeriCall urges the Commission to consider a tiered structure of applicable discount rates based on licensee size and capital structure.

Amount of Spectrum To Be Disaggregated

In its August 5, 1997 letter to the Commission, AmeriCall International urged the Commission to adopt a plan that would allow licensees to disaggregate 10 or 20 MHz of spectrum, or return all 30 MHz, in any or all of their markets and obtain proportionate debt relief. AmeriCall still believes this approach is the most equitable and the least likely to result in mass bankruptcy or litigation.

Since that time, the Commission has communicated support for an approach which includes, among other options, permitting licensees to disaggregate 15 MHz of spectrum in any or all of their markets and receive proportionate debt relief. AmeriCall urges the Commission to permit licensees to return at least 15 MHz of spectrum. Other options that may be included in the Commission's restructuring plan, such as early buyout and simple amnesty, offer little to smaller companies that bid responsibly but now are confronted by material changes in the financial climate.

Disaggregation of 15 MHz or more is attractive in light of the current equity investment freeze because it enables a licensee to reduce its debt by half without otherwise resulting in a direct adverse impact upon its business plan. Because C block license prices exceeded D, E, and F block license prices by such a significant amount, debt reduction of at least 50%, which is proportionate to a disaggregation of 15 MHz, is required to attract investment capital.

By no means will licensees who select this option be advantaged. As discussed in the August 5, 1997 letter referenced above, there are costs associated with this approach, e.g., allowing the entry of a new competitor. Moreover, in the overwhelming majority of cases, these companies still will have a higher cost of entry than their competitors. The average net price per pop paid in the C block auction was \$37.97². The average net price per pop paid in the D, E, and F blocks was \$3.20. Therefore, a disparity will exist even after accounting for the impact of government financing for C and F block licenses. However, with a 50% reduction in debt, the prices at least will be close enough that the business plans of these licensees will receive fair consideration from the financial community.

For these reasons, AmeriCall urges the Commission to allow for disaggregation of at least 15 MHz and urges the Commission to reconsider its "Amnesty by Thirds" proposal submitted August 5, 1997.

Cross-Default and Passive Equity Limits

To provide relief sufficient to replace a refinancing, i.e., to avoid chain bankruptcies, the disaggregation option should be accompanied by other structural changes we have addressed in previous letters filed with the Commission. See, e.g., AmeriCall letter to William Caton (July 11, 1997); AmeriCall letter to William Caton att. (August 12, 1997). At a minimum, we strongly urge the FCC to retain the following additional critical elements of the AmeriCall proposal: (a) clarify that there will be no cross-default penalties, and (b) eliminate ceilings on nonattributable investment outside

² / Based on year end 1995 pops as reported by Market Statistics, Inc.

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AmeriCall International to FCC
September 24, 1997

the control group. These elements are designed to ensure prompt delivery of service to the public, avoid a "bailout" which could lead to litigation, and avoid inviting bankruptcies.

Thank you for your consideration of these matters.

Respectfully submitted

AMERICALL INTERNATIONAL, LLC

By: J. D. Foxman *as CEO*

Jonathan D. Foxman
Executive Vice President and COO